

Department of Social and Health Services

DP Code/Title: PL-US Estate Adjudication Provisions

Agency Wide

There are 2 Programs in this DP

Budget Period: 2003-05 Version: ZW temp roll up as of 11-7 for rpt

Recommendation Summary Text:

Program(s): 050 080

This agency request legislation will allow the Department of Social and Health Services (DSHS) to increase the number of claims against the estates of deceased clients of Aging and Disability Services Administration (ADSA) and Medical Assistance Administration (MAA), resulting in increased annual recoveries. Statewide result number 5.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	(250,000)	(250,000)
001-C General Fund - Basic Account-DSHS Medicaid Federa	0	(250,000)	(250,000)
Total Cost	0	(500,000)	(500,000)

Staffing

Package Description:

Program(s): 050 080

Standard probate process provides prior notice to creditors to make claims for payment against assets of the deceased person. Claims are paid and remaining assets distributed to heirs. However, certain sections within probate code RCW 11.28 permit property to be transferred to heirs before creditors are provided notice and an opportunity to make a claim for payment of a debt. Heirs may dissipate the decedent's assets before paying debts, and the transferring party is exempted from responsibility for payment.

The proposed changes to the RCW will provide an opportunity to DSHS to investigate and issue a claim before assets are distributed. Also, the changes will delay the petitioning party from being released from liability for asset transfers made during the first 120 days after an order of administration, or adjudication of intestacy (having no legal will) and heirship (the right to the inheritance) action is filed.

These changes will result in increased recoveries for Medicaid services provided by MAA, as well as long-term care services provided by ADSA.

Narrative Justification and Impact Statement

How contributes to strategic plan:

Program(s): 050 080

By recovering more funds from the estates of deceased DSHS clients, this package contributes to the agency's strategic plan of efficient use of state dollars.

Performance Measure Detail

Goal: 01Z DSHS Accounts for Its Use of Public Dollars

Outcome Measures

	<u>FY 1</u>	<u>FY 2</u>
1ZA Agency efficiency produce General Fund - State Savings.		(\$400,000)
1ZA Agency efficiency produce General Fund - State Savings.		(\$100,000)

Reason for change:

Program(s): 050 080

Sections of probate code RCW 11.28 permit property to be transferred to heirs before creditors are provided notice and given an opportunity to make a claim for payment. Heirs are then able to dissipate descendant's assets before paying

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descendant's debts. Also, the transferring party is exempted from responsibility for making the transfer. These sections of current law are contrary to other probate processes and in direct conflict with the legislative intent stated in RCW 43.20B.090. The proposed changes will provide DSHS an opportunity to make its claim before assets are dissipated by heirs.

Impact on clients and services:

Program(s): 050 080

Existing services provided to the client by the department will not be altered by this change.

Impact on other state programs:

Program(s): 050 080

None

Relationship to capital budget:

Program(s): 050 080

Not applicable

Required changes to existing RCW, WAC, contract, or plan:

Program(s): 050 080

Revisions required to RCW 11.28.330 and 11.28.340.

Alternatives explored by agency:

Program(s): 050 080

These changes are to facilitate the recovery of payments for long-term care services and close a current loophole. If the proposed changes to the RCWs are not accepted by the Legislature, then heirs will continue to benefit financially, with legal immunity, at the public's expense and the department will be unable to enforce RCW 43.20B.090.

Budget impacts in future biennia:

Program(s): 050 080

This increase in revenue will carry into future biennia.

Distinction between one-time and ongoing costs:

Program(s): 050 080

Ongoing savings.

Effects of non-funding:

Program(s): 050 080

Not applicable

Expenditure Calculations and Assumptions:

Program(s): 050 080

Revisions to RCW 11.28 would allow the department to collect an estimated \$500,000 in additional recoveries, per fiscal year. This additional recovery estimate is based on the assumption that DSHS will process 20 additional claims per year, at an average recovery of \$25,000 per claim, (\$25,000 X 20 = \$500,000). Estate recoveries are distributed between LTC and MAA at a ratio of 80 percent to LTC and 20 percent to MAA.

The department is required by federal statute to return approximately 50 percent of recoveries collected from the estates of former DSHS clients who received long-term care services. Therefore, an estimated annual amount of \$250,000 would be returned to the federal government.

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<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	0	(500,000)	(500,000)

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	0	(250,000)	(250,000)
<i>Total for Fund 001-1</i>	0	(250,000)	(250,000)
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa			
<u>Sources</u> <u>Title</u>			
19TA Title XIX Assistance (FMAP)	0	(250,000)	(250,000)
<i>Total for Fund 001-C</i>	0	(250,000)	(250,000)
Total Overall Funding	0	(500,000)	(500,000)

Funding Totals by Program

Dollars in Thousands

	<u>FTE's</u>		<u>GF-State</u>		<u>Total Funds</u>	
<u>Program</u>	<u>FY 1</u>	<u>FY 2</u>	<u>FY 1</u>	<u>FY 2</u>	<u>FY 1</u>	<u>FY 2</u>
050 Long Term Care Services	0.0	0.0	0	(200)	0	(400)
080 Medical Assistance	0.0	0.0	0	(50)	0	(100)
Grand Total:	0.0	0.0	0	(250)	0	(500)